GUIDE

Introduction to Carbon Credits

The basics of how carbon credits work, and how they get generated and verified.

What Is a Carbon Credit?

A carbon credit represents one tonne of carbon dioxide equivalent (tCO_2e) that has been reduced, avoided, or removed from the atmosphere through a specific project activity. Once verified, credits can be sold to organisations seeking to offset their own emissions, creating a revenue stream from activities that also reduce environmental impact.

How Credits Are Generated

A project developer designs an activity — such as renewable energy, waste-to-energy, or methane capture — using an approved methodology. The project is validated by an independent auditor, registered with a carbon standard, and then periodically verified based on monitored data before credits are issued.

Verification Standards

- Verra (Verified Carbon Standard) — the largest voluntary carbon standard globally
- Gold Standard — known for strong sustainable-development co-benefits
- Other sector- or country-specific standards, depending on project type

Common Project Types for Industry

- Renewable energy (solar, biomass, waste heat recovery)
- Energy efficiency improvements
- Waste management and methane capture
- Plastic collection and recycling

Getting Started

Not every activity qualifies, and eligibility depends on factors like additionality (would this have happened anyway?), scale, and available monitoring data. A short opportunity assessment is the fastest way to find out whether your operations could be a fit.